

# 18/19 Year End Tax Planning Property Tax

## Restructuring – Married Couples:

Where married couples are in different tax bands, property ownership should be reviewed to ensure the lower rates of tax are utilised.

Transfers between spouses are capital gains tax exempt. However, where the property is mortgaged, Stamp Duty Land Tax charges may arise.

A review should be undertaken to ensure any charges crystallised in the transfer are not disproportionate to the tax savings sought.

## Restructuring – Incorporation:

With the restriction on mortgage interest relief many property investors are considering incorporating their property portfolios to operate through a limited company.

Capital Gains Tax and Stamp Duty Land Tax require careful consideration as the charges on incorporation can be prohibitive but, in certain circumstances, incorporation can be achieved with minimal upfront costs.

A full review of your circumstances, portfolio and current and future plans would be required to ascertain the potential advantages of such a restructure.

## Stamp duty land tax (SDLT):

There have been significant changes in Stamp Duty Land Tax legislation over recent years with the introduction of higher rates for additional properties and the clarification of rules regarding multiple dwellings.

Where properties have been purchased which contain additional dwellings, such as annexes or a granny flat, it is possible that excess SDLT may have been paid.

Likewise, where the additional property surcharge has been paid, there is potential for this to be reclaimed in certain circumstances.

A review of all property transactions and the SDLT treatment applied could result in significant refunds.

## Elected main residence:

Should you reside in two or more properties, a review of your main residence elections could result in tax savings on the future sale of these properties.



## Reducing debt:

Mortgage interest relief is no longer available in full to higher rate taxpayers. A phased withdrawal of higher rate relief commenced in 2017/18 with full withdrawal from 6 April 2020.

With interest rates on savings low, it may be beneficial to consider realising other investments to pay down the level of borrowing on buy-to-let properties.

## Capital gains tax and impending changes:

From April 2020, the final tax-exempt period for properties that have, at some time during ownership been your main residence, is being reduced from 18 months to 9 months.

The availability of lettings relief is being restricted from April 2020 and will only apply where the property owner is in joint residence with the tenant.

Careful consideration should be given to the timing of property sales over the next 12 months as valuable reliefs could soon be lost.

**To discuss any of the above points in further detail, please contact your personal tax consultant on 0845 880 5678.**

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